

WORKING DRAFT -- FOR DISCUSSION PURPOSES ONLY

SCHOOL FACILITY FUNDING EQUALIZATION

LONG TITLE

General Description:

This bill enacts various changes related to school facility funding.

Highlighted Provisions:

This bill:

- ▶
- ▶
- ▶

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on July 1, 2008.

List of sections affected:

AMENDS:

53A-17a-103

53A-17a-135

53A-21-102

59-2-926

ENACTS:

53A-17a-135.1

53A-21-201

53A-21-202

REPEALS:

53A-21-103

53A-21-103.5

53A-21-105

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32 Statutory text:

33 Section 1. Section 53A-17a-103 is amended to read:

34 **53A-17a-103. Definitions.**

35 As used in this chapter:

- 36 (1) "Basic state-supported school program" or "basic program" means public education
37 programs for kindergarten, elementary, and secondary school students that are
38 operated and maintained for the amount derived by multiplying the number of
39 weighted pupil units for each district by \$2,514, except as otherwise provided in this
40 chapter.
- 41 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
42 ad valorem property tax revenue equal to the sum of:
- 43 (i) the amount of ad valorem property tax revenue to be generated
44 statewide in the previous year from imposing [a] the minimum basic tax
45 rate, as specified in Subsection 53A-17a-135(1)(a) , and the basic
46 capital outlay tax rate, as specified in Subsection 53A-17a-135.1(1); and
- 47 (ii) the product of:
- 48 (A) new growth, as defined in Section 59-2-924 and rules of the State
49 Tax Commission; and
- 50 (B) the sum of the minimum basic tax rate and the basic capital
51 outlay tax rate certified by the State Tax Commission for the
52 previous year.
- 53 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does
54 not include property tax revenue received statewide from personal property that
55 is:
- 56 (i) assessed by a county assessor in accordance with Title 59, Chapter 2,
57 Part 3, County Assessment; and
- 58 (ii) semiconductor manufacturing equipment.
- 59 (3) "Leeway program" or "leeway" means a state-supported voted leeway program or
60 board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.
- 61 (4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.
- 62 (5) (a) "State-supported minimum school program" or "minimum school program"
63 means public school programs for kindergarten, elementary, and secondary

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schools as described in this Subsection (5).

(b) The minimum school program established in the districts shall include the equivalent of a school term of nine months as determined by the State Board of Education.

(c) (i) The board shall establish the number of days or equivalent instructional hours that school is held for an academic school year.

(ii) Education, enhanced by utilization of technologically enriched delivery systems, when approved by local school boards, shall receive full support by the State Board of Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing commercial advertising.

(d) The program includes the total of the following annual costs:

(i) the cost of a basic state-supported school program; and

(ii) other amounts appropriated in this chapter in addition to the basic program.

(6) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of factors that is computed in accordance with this chapter for the purpose of determining the costs of a program on a uniform basis for each district.

Section 2. Section 53A-17a-135 is amended to read:

53A-17a-135. Minimum basic tax rate -- Certified revenue levy.

(1) (a) In order to qualify for receipt of the state contribution toward the basic program and as its contribution toward its costs of the basic program, each school district shall impose a minimum basic tax rate per dollar of taxable value that generates \$~~[245,254,790]~~ \$ (approximately \$140,000,000) in revenues statewide.

NOTE: \$140 million = +-\$240 million for the current basic levy less +-\$100 million reduction to offset new basic capital outlay levy....actual amounts to be determined in November based on updated property tax and enrollment data

(b) The preliminary estimate for the ~~[2007-08]~~ 2008-09 minimum basic tax rate is ~~[.001474]~~ _____ .

(c) The State Tax Commission shall certify on or before June 22 the rate that

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generates \$[245,254,790] (approximately \$140,000,000) in revenues statewide.

(d) If the tax rate equal to the sum of the minimum basic tax rate and the basic capital outlay tax rate exceeds the certified revenue levy as defined in Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.

(2) (a) The state shall contribute to each district toward the cost of the basic program in the district that portion which exceeds the proceeds of the levy authorized under Subsection (1).

(b) In accord with the state strategic plan for public education and to fulfill its responsibility for the development and implementation of that plan, the Legislature instructs the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each of the coming five years to develop budgets that will fully fund student enrollment growth.

(3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the cost of the basic program in a school district, no state contribution shall be made to the basic program.

(b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of the basic program shall be paid into the Uniform School Fund as provided by law.

Section 3. Section 53A-17a-135.1 is enacted to read:

53A-17a-135.1. Basic capital outlay tax rate -- Certified revenue levy.

(1) (a) Beginning in 2008-09, each school district shall impose a basic capital outlay tax rate that generates \$ (approximately \$100,000,000) in revenue statewide

(b) The preliminary estimate for the 2008-09 minimum basic capital outlay tax rate is (.000720).

(c) The State Tax Commission shall certify on or before June 22 the rate that generates \$ (approximately \$100,000,000) in revenues statewide.

(d) If the tax rate equal to the sum of the minimum basic tax rate and the basic

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capital outlay tax rate exceeds the certified revenue levy as defined in Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.

(2) The yield of the tax rate imposed under Subsection (1) shall be deposited into the Uniform School Fund.

NOTE: Should a restricted account be created within the Uniform School Fund?

Section 4. Section 53A-21-102 is amended to read:

53A-21-102. ~~[Capital Outlay Foundation Program -- Enrollment Growth Program --]~~

Capital Outlay Loan Program - Use of Funds.

~~[(1) The Capital Outlay Foundation Program and the Enrollment Growth Program are established to provide revenues to school districts for the purposes of capital outlay bonding, construction, and renovation.~~

~~(2)]~~ (1) The Capital Outlay Loan Program is established to provide:

- (a) short-term help to school districts to meet district needs for school building construction and renovation; and
- (b) assistance to charter schools to meet school building construction and renovation needs.

~~[(3)]~~ (2) School districts shall use the monies provided to them under the programs established by this ~~[section]~~ chapter solely for school district capital outlay and debt service purposes.

Section 5. Section 53A-21-201 is enacted to read:

Part 2 School Facility Funding

Section 53A-21-201 Definitions

As used in this part:

(1) "Adjusted allocation amount per student" means the product of:

(a) the base allocation amount; and

(b) the quotient of the statewide net taxable value per enrolled student divided by the school district net taxable value per student.

(2) "Base allocation amount per student" means \$10,000 in 2008-09, adjusted by the inflation adjustment in future years.

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160 (3) "Inflation adjustment" means (increase in CPI or increase in the
161 value of the WPU?)

162 (4) "Derived net taxable value" means the total current school district property tax
163 collections from April 1 through the following March 31, divided by a school district's
164 total tax rate for the same year.

165 (5) "School district net taxable value per enrolled student" means the derived net taxable
166 value in a school district divided student enrollment in the district as of the October 1
167 enrollment count.

168 (6) "Statewide net taxable value per enrolled student" means the sum of the derived net
169 taxable value for each school district in the state, divided by statewide school district
170 enrollment as of the October 1 enrollment count.

171

172 Section 6. Section 53A-21-202 is enacted to read:

173 Section 53A-21-202 Capital Outlay Funding Allocation

174 (1) The Board of Education shall allocate the revenues deposited into the Uniform School
175 Fund under Section 53A-17a-135.1 in accordance with this section.

176 (2) (a) Except as provided in Subsection (3), the Board of Education shall allocate to a
177 school district funding in an amount equal to the adjusted allocation amount per
178 student multiplied by the average net enrollment increase in the school district
179 for the prior three years, based on the October 1 count

180 (b) A school district that does not have an average net enrollment increase for the
181 prior three years may not receive an allocation under this Subsection (2).

182 (3) The Board of Education shall allocate to a school district an amount equal to the
183 difference between the allocation under Subsection (2) and the amount of funds that
184 would have been allocated to the school district based only on the ongoing portion of
185 the 2007-08 appropriation for the capital outlay foundation program if:

186 (a) the allocation under Subsection (2) provides less than the allocation the school
187 district would have received based only on the ongoing portion of the 2007-08
188 appropriation for the capital outlay foundation program;

189 (b) the school district has school district net taxable value per enrolled student
190 lower than the statewide net taxable value per enrolled student; and

191 (c) the school district levies a tax rate of at least .002400 per dollar of taxable value

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between the capital outlay levy under Section 53A-16-107, voted capital outlay leeway under Section 53A-16-110, and the debt service levy under Section 11-14-19.

NOTE: Should 10% of Basic for debt service / capital outlay be in or out of this calculation?

(4) If funds are insufficient for the allocations specified in Subsections (2) and (3), the Board of Education shall proportionately allocate available funds.

Section 7. Section 53A-2-926 is amended to read:

59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.

If the state authorizes [a levy] levies pursuant to Section 53A-17a-135 and Section 53A-17a-135.1 that [exceeds] together exceed the certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy pursuant to Section 59-2-906.1 that exceeds the certified revenue levy as defined in Section 59-2-102, the state shall publish a notice no later than ten days after the last day of the annual legislative general session that meets the following requirements:

(1) The Office of the Legislative Fiscal Analyst shall advertise that the state authorized a levy that generates revenue in excess of the previous year's ad valorem tax revenue, plus new growth, but exclusive of revenue from collections from redemptions, interest, and penalties in a newspaper of general circulation in the state. The advertisement shall be no less than 1/4 page in size and the type used shall be no smaller than 18 point, and surrounded by a 1/4-inch border. The advertisement may not be placed in that portion of the newspaper where legal notices and classified advertisements appear. The advertisement shall be run once.

(2) The form and content of the notice shall be substantially as follows:

"NOTICE OF TAX INCREASE

The state has budgeted an increase in its property tax revenue from \$_____ to \$_____ or ____%. The increase in property tax revenues will come from the following sources (include all of the following provisions):

(a) \$_____ of the increase will come from (provide an explanation of the cause of adjustment or increased revenues, such as reappraisals or factoring

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- 224 orders);
- 225 (b) \$_____ of the increase will come from natural increases in the value of
- 226 the tax base due to (explain cause of new growth, such as new building activity,
- 227 annexation, etc.);
- 228 (c) a home valued at \$100,000 in the state of Utah which based on last year's (levy
- 229 for the basic state-supported school program, levy for the Property Tax
- 230 Valuation Agency Fund, or both) paid \$_____ in property taxes would
- 231 pay the following:
- 232 (i) \$_____ if the state of Utah did not budget an increase in property
- 233 tax revenue exclusive of new growth; and
- 234 (ii) \$_____ under the increased property tax revenues exclusive of
- 235 new growth budgeted by the state of Utah."
- 236

237 Section 8. Repealer.

238 This bill repeals:

239 **53A-21-103, Qualifications for participation in the foundation program - Distribution of**

240 **monies - Distribution formulas**

241 **53A-21-103.5. Qualifications for participation in the Enrollment Growth Program --**

242 **State Board of Education rules -- Distribution formula.**

243 **53A-21-105. State contribution to capital outlay programs.**

244

245 Section 9. Effective date.

246 This bill takes effect July 1, 2008.